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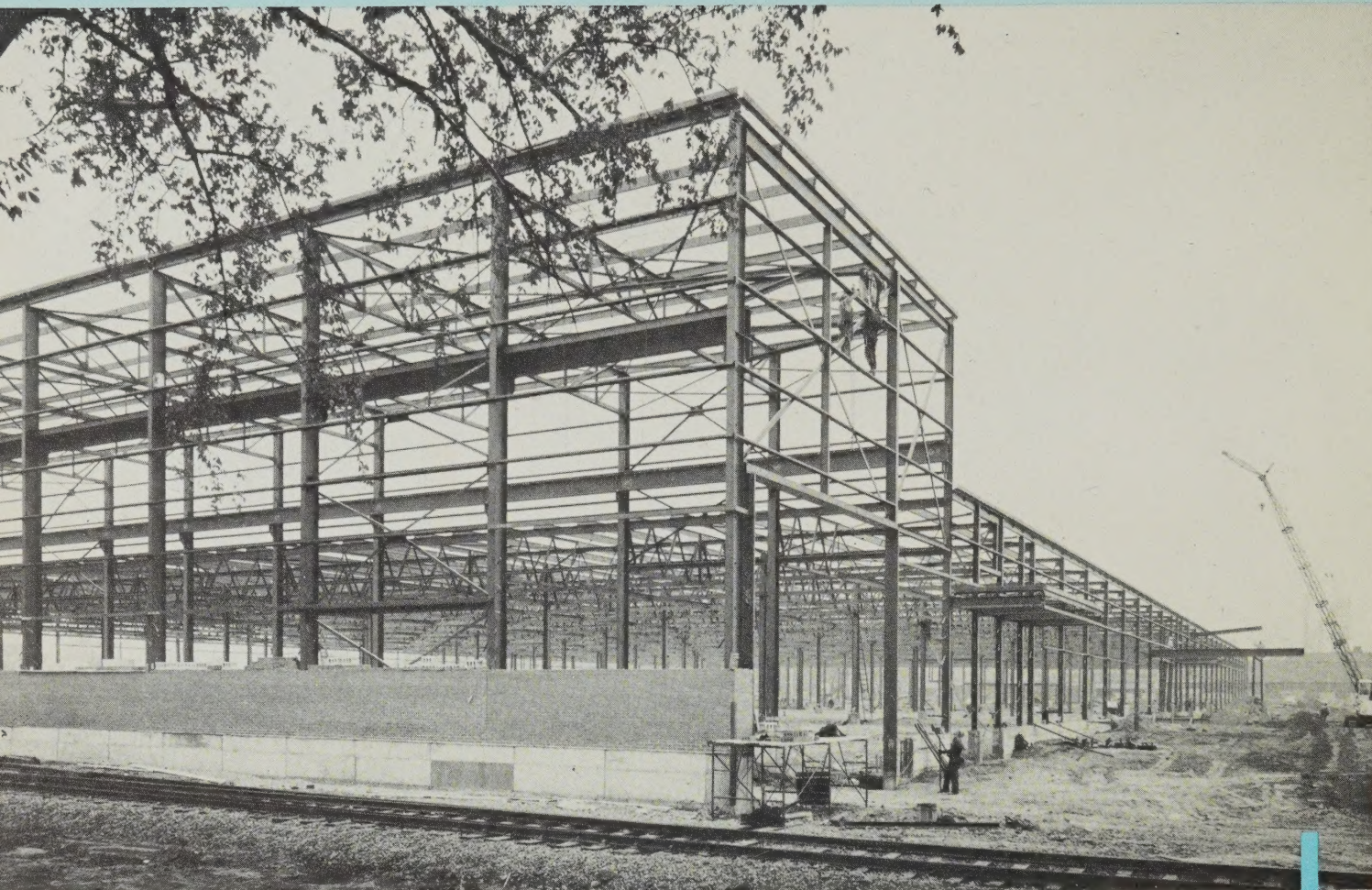
# ANNUAL REPORT

## 1960



INTERNATIONAL HARVESTER  
COMPANY OF CANADA, LIMITED





This new 200,000 square foot addition to the Hamilton Works will provide for the streamlined efficiency that is so vital in today's competitive farm equipment manufacturing industry.

FOR RELEASE: 12:00 Noon , Wednesday, March 15th 1961.

In its 1960 Annual Report, International Harvester Company of Canada, Limited, announced total sales of \$156,333,000 for 1960, compared with \$149,440,000 for 1959, an increase of 4.6 per cent. Net income has risen to \$4,713,000 from \$4,566,000 in 1959.

A substantial increase in export sales--from \$12,109,000 in 1959 to \$22,307,000 in 1960--more than compensated for a slight decline in domestic sales, resulting in the overall sales increase.

It is noted that the Company's export of farm tractors and implements to the United States exceeded farm tractor and implement imports from that country by a very substantial margin. The Company recently stated that exports of farm equipment to the U.S. in 1960 exceeded by 70% imports of farm tractors and farm implements from that country.

Average employment rose to 6,840 in 1960, from 6,104 in 1959, an increase of 12.1 per cent.

Following the custom of previous reports, the 1960 Report includes a summary of the results of earlier years.



Press Release

12:00 Noon

- 2 -

Wednesday, March 15th 1961

The report indicates that International Harvester Company of Canada, Limited is continuing to stress its domestic engineering and product development programs. Over 200 employees are active in the Company's engineering departments, with 1960's investment in excess of \$1,700,000, the highest in the Company's history.

Among the new products recently resulting from these Canadian engineering programs are a compact pickup truck and a compact delivery van which are designed to compete directly with imported vehicles.

Other products released for manufacturing in 1960 include a new series of light-duty trucks and a new line of grain drills.

It is reported that the Canadian engineered No. 91 combine and the line of crawler tractors released in 1959, have met with good acceptance in Canada and in the export market. Orders for the Canadian designed crawler tractors have been received from fifteen countries.

The 1960 Annual Report reflects the aggressive action taken by the Company to increase sales at home and abroad in the face of keen competition. One instance given in the Report is a major demonstration at Great Falls, Montana, which helped International Harvester sales personnel in the United States to promote the increased sale of Canadian made farm equipment.



Press Release

12:00 Noon

Wednesday, March 15th 1961

- 3 -

During 1960, construction was started on a new 200,000 square foot assembly and warehouse building at Hamilton Farm Equipment Works.

In releasing the Annual Report, Mr. Omer G. Voss, President, observed that, during the first three months of its 1961 fiscal year, the Company has felt the effects of the downward trend in economic activities that many businesses are feeling both in Canada and the United States. However, he felt that "the effect of this trend will be offset in large measure by new Canadian designed and manufactured products introduced by the Company this year." He cited as an example the new Metro 90 delivery van, with which International "expects to capture 30 to 40 per cent of the market now going to imported van type vehicles."

Mr. Voss looks for a general improvement in the country's economic outlook during the balance of 1961.

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## ANNUAL REPORT 1960

## FACTS AT A GLANCE

	<u>1960</u>	<u>1959</u>
<b>SALES</b> .....	\$156,332,987	\$149,440,303
<b>NET INCOME</b> .....	\$ 4,713,430	\$ 4,565,961
<b>DIVIDENDS PAID</b> .....	\$ 3,500,000	\$ 2,800,000
<b>NET INCOME FOR YEAR RETAINED</b> .....	\$ 1,213,430	\$ 1,765,961
<b>TAXES—FEDERAL, PROVINCIAL AND LOCAL</b> .....	\$ 12,775,365	\$ 12,306,253
<b>EXPENDITURES FOR LAND, BUILDINGS, MACHINERY AND EQUIPMENT</b> .....	\$ 4,296,070	\$ 3,697,819
<b>PROVISION FOR DEPRECIATION</b> .....	\$ 2,879,611	\$ 3,257,023
<b>LONG-TERM NOTES PAYABLE</b> .....	\$ 9,400,000	\$ 10,200,000
<b>EQUITY CAPITAL AT END OF YEAR</b> .....	\$ 56,756,294	\$ 55,542,864
<b>AVERAGE NUMBER OF EMPLOYEES</b> .....	6,840	6,104
<b>COMPENSATION PAID EMPLOYEES</b> .....	\$ 31,399,436	\$ 27,190,191



INTERNATIONAL HARVESTER COMPANY OF CANADA, LIMITED

## DIRECTORS and OFFICERS *at December 31, 1960*

### BOARD OF DIRECTORS

HARRY O. BERCHER	DAVID G. MOYER
CHARLES C. BRANNAN	HAROLD B. MYERS
WILLIAM B. GAY	WILLIAM R. ODELL
WALTER R. GAYFER	WILLIAM C. SCHUMACHER
LYLE H. KAIN	OMER G. VOSS

### OFFICERS

OMER G. VOSS	<i>President</i>
WILLIAM B. GAY	<i>Vice President and Comptroller</i>
WALTER R. GAYFER	<i>Vice President, Supply and Inventory</i>
CHARLES C. BRANNAN	<i>Vice President, Merchandising and Employee Services</i>
LYLE H. KAIN	<i>Vice President, Sales</i>
STEPHEN M. YOUNG	<i>Vice President, Engineering</i>
WILLIAM N. SMITH	<i>Treasurer</i>
WILLIAM E. JOLLEY	<i>Secretary</i>

### OTHER EXECUTIVES

WILLIAM B. P. BROWN	<i>Manager, Manufacturing</i>
ROBERT A. DOWLING	<i>Manager, Motor Truck Sales</i>
LAWRENCE J. MURPHY	<i>Manager, Credits and Collections</i>
WILLIAM E. THOMPSON	<i>Manager, Construction Equipment Sales</i>
WILLIAM D. WILLOWS	<i>Manager, General Sales</i>
CHARLES W. WOLFARD	<i>Manager, Service Parts</i>

GENERAL OFFICES: 208 HILLYARD STREET, HAMILTON, ONTARIO



**Front cover:** "Nothing sells like a demonstration" is a by-word with International Harvester dealers. Lyle Edworthy puts the Canadian built crawler tractor through its paces, with dealer Adam Young standing by to point out the work-saving features.

# ANNUAL REPORT 1960

**THIS REPORT** by International Harvester Company of Canada, Limited of 1960 operations is made by its management and presented with the approval of the Board of Directors. The report deals primarily with the events of the fiscal year which ended October 31, 1960, but some additional information is included on developments since that time. This report is addressed to employees, customers and all others who have an interest in the affairs of the Company.

The financial statements in the report are presented on a non-consolidated basis. The investment of International Harvester Company of Canada, Limited in its wholly-owned subsidiary, International Harvester Credit Corporation of Canada Limited, is carried in the Statement of Financial Condition as an asset, and only the dividend received from this subsidiary is included in the Statement of Income.

## **SALES**

Sales for the fiscal year ended October 31, 1960 were \$156,333,000, an all-time high, compared with \$149,440,000 in the 1959 fiscal year, an increase of 4.6 per cent.

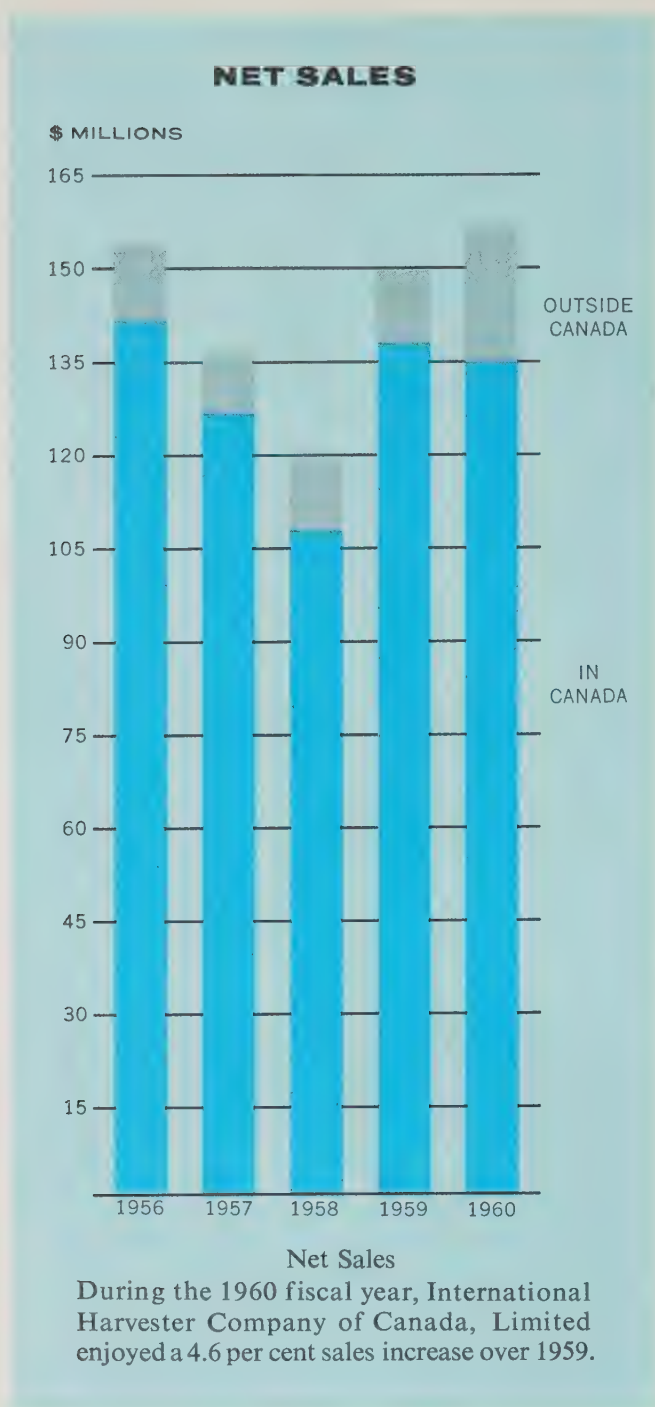
Direct sales to dealers and users in Canada were down slightly compared with 1959 but were more than compensated for by an increase in export sales, mainly to the United States.

Retail sales, however, held up better than wholesale chargeouts would indicate, leaving our finished machine inventories in a healthy position to start the 1961 year.

Our Canadian designed No. 91 combines, as well as our Canadian designed line of crawler tractors, have been well accepted. These crawler



Omer G. Voss, *President*



tractors, with their complete line of allied equipment, have enabled us to penetrate new markets for farm, logging and commercial uses. They have fulfilled our expectations and have good possibilities both in Canada and in the export field. During 1960 we received orders for Canadian crawler tractors from fifteen countries.

In 1960, this Company's exports of farm tractors and implements to the United States exceeded

our imports of these machines from that country by a very substantial margin.

Our business in 1960 began on a high level which was generally maintained throughout the first half of the year but fell off rapidly during the last few months. Because of these declining sales in the later months, it was necessary to reduce production schedules, particularly on farm equipment, to keep inventories in balance.

#### NET INCOME

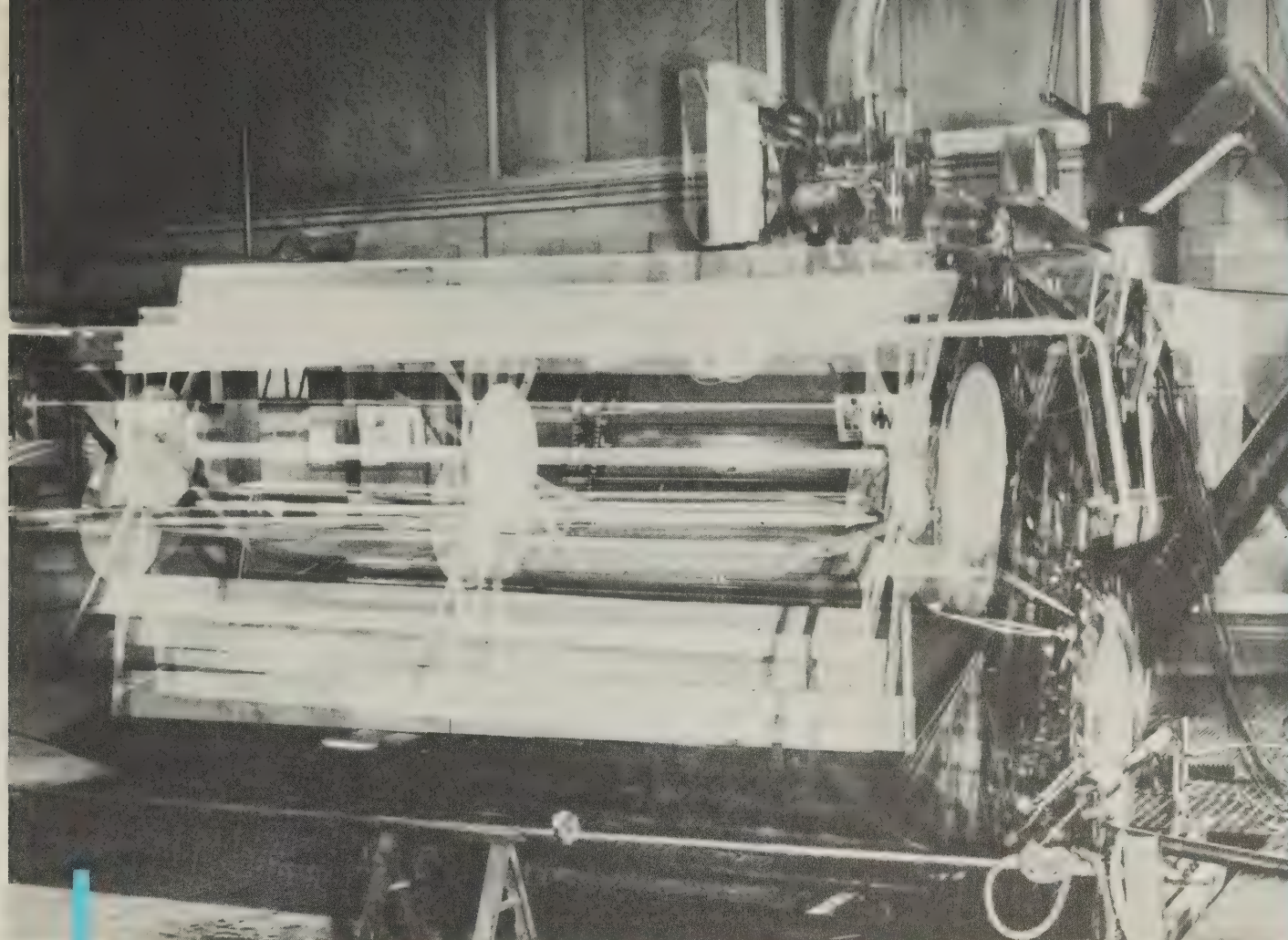
The reduced level of production during the latter part of the year increased unit costs. In addition, increases in costs of labour and materials were encountered which could not be fully offset by increases in selling prices. All these factors affected net income.

Net income of the Company was \$4,713,000 for the 1960 fiscal year, compared with \$4,566,000 in 1959. Included in these earnings were dividends paid by International Harvester Credit Corporation of Canada Limited to International Harvester Company of Canada, Limited of \$80,000 in 1960 and \$35,000 in 1959.

#### FINANCE

Wholesale note acquisitions by International Harvester Credit Corporation of Canada Limited for the fiscal year 1960 totalled approximately \$76,415,000 compared with \$66,339,000 for the eight months ended October 31, 1959. Similarly, acquisitions of retail notes were \$2,925,000 and \$4,876,000 respectively. Notes receivable outstanding at October 31, 1960 totalled approximately \$27,461,000 compared with \$33,702,000 at October 31, 1959.

During 1960, International Harvester Company of Canada, Limited increased its investment in International Harvester Credit Corporation of Canada Limited by \$1,000,000 and also continued its policy of making short-term loans to the Credit Corporation based on funds available, with major requirements of the Credit Corporation being



The "Torture Test" is one phase of the International Harvester quality control program that assures customer satisfaction. Many hours of continuous vibration put this Canadian built No. 91 combine through more punishment than it will experience in years of actual field work.

met through credit lines established with Canadian banks.

The Statement of Financial Condition of International Harvester Credit Corporation of Canada Limited appears on page 16. The following is a summary of Credit Corporation retained earnings:

Balance at beginning of year.....	\$342,968
Net income for the year.....	<u>452,683</u>
	\$795,651
Deduct cash dividend.....	<u>80,000</u>
Balance at end of year.....	<u><u>\$715,651</u></u>

#### WORKING CAPITAL

The working capital of International Harvester Company of Canada, Limited amounted to \$38,824,000 at October 31, 1960, a decrease of \$2,213,000 during the year. An analysis of that decrease follows:

#### SOURCES OF INCREASE:

Net income.....	\$ 4,713,000
Provision for depreciation of buildings, machinery and equipment...	2,880,000
Sale of land, buildings, machinery and equipment, etc.....	<u>204,000</u>
Total.....	<u>\$ 7,797,000</u>

#### DECREASES DUE TO:

Dividends paid.....	\$ 3,500,000
Expenditures for land, buildings, machinery and equipment.....	4,296,000
Investment in subsidiary company..	1,000,000
Reduction in long-term notes payable.....	800,000
Reduction in provision for employees' retirement benefits....	207,000
Increase of other assets.....	<u>207,000</u>
Total.....	<u>\$10,010,000</u>

Decrease in working capital during 1960	<u><u>\$ 2,213,000</u></u>
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The United States is an important market for farm equipment manufactured at Hamilton Works. During 1960, a demonstration at Great Falls, Montana helped International Harvester sales personnel in the United States promote the increased sale of these products.

### INVENTORIES

The Company's total inventory at October 31, 1960 was \$42,819,000, down slightly from the

\$43,440,000 on hand at October 31, 1959. A further reduction would have been made at the Works' level had it not been for production cut-backs in the latter part of 1960 when partial fabrication had already been completed. Finished goods inventories, in general, are well balanced and in good condition.

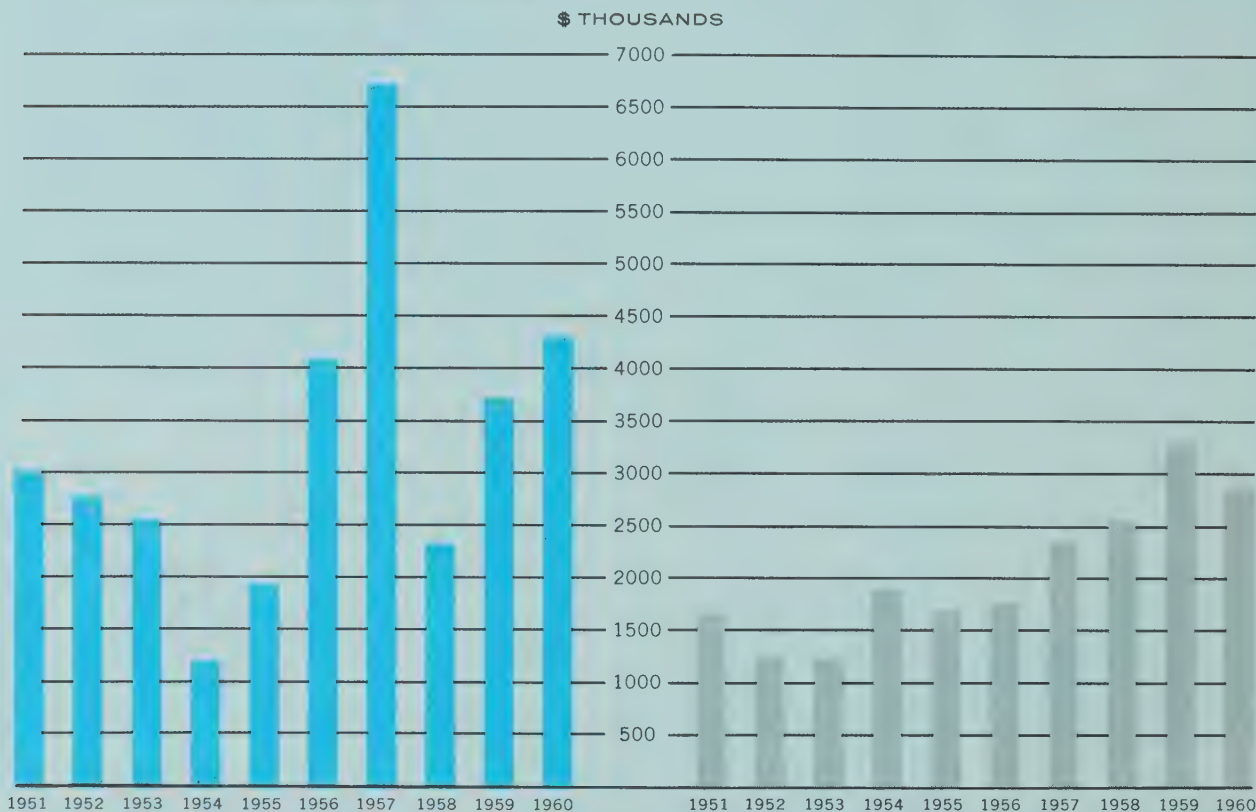
### FACILITIES

Construction was started on a new 200,000 square foot assembly and warehouse building at the Hamilton Farm Equipment Works. It is expected that this new addition will be in operation about July 1961.

A new motor truck sales and service centre was opened in Regina. The previously occupied property, inadequate for our purposes, has been sold. A major expansion was also made in our service centre facilities in Lethbridge.

### CAPITAL EXPENDITURES

### DEPRECIATION





International Trucks are a familiar sight at gravel pits, warehouses, job sites and on the highway. From pickups to the largest diesel-powered highway haulers International Trucks are built in Canada to meet the special needs of Canadian truck operators.

#### **NEW PRODUCT DEVELOPMENT AND ENGINEERING**

During 1960 the new lines of grain drills, on which engineering and pre-production were completed in 1959, as well as the No. 75 wing chisel plow and the No. 7 rod weeder, were released for full production.

Development work continues on all lines of farm equipment in order that our customers may at all times have available to them the most efficient working tools we can make.

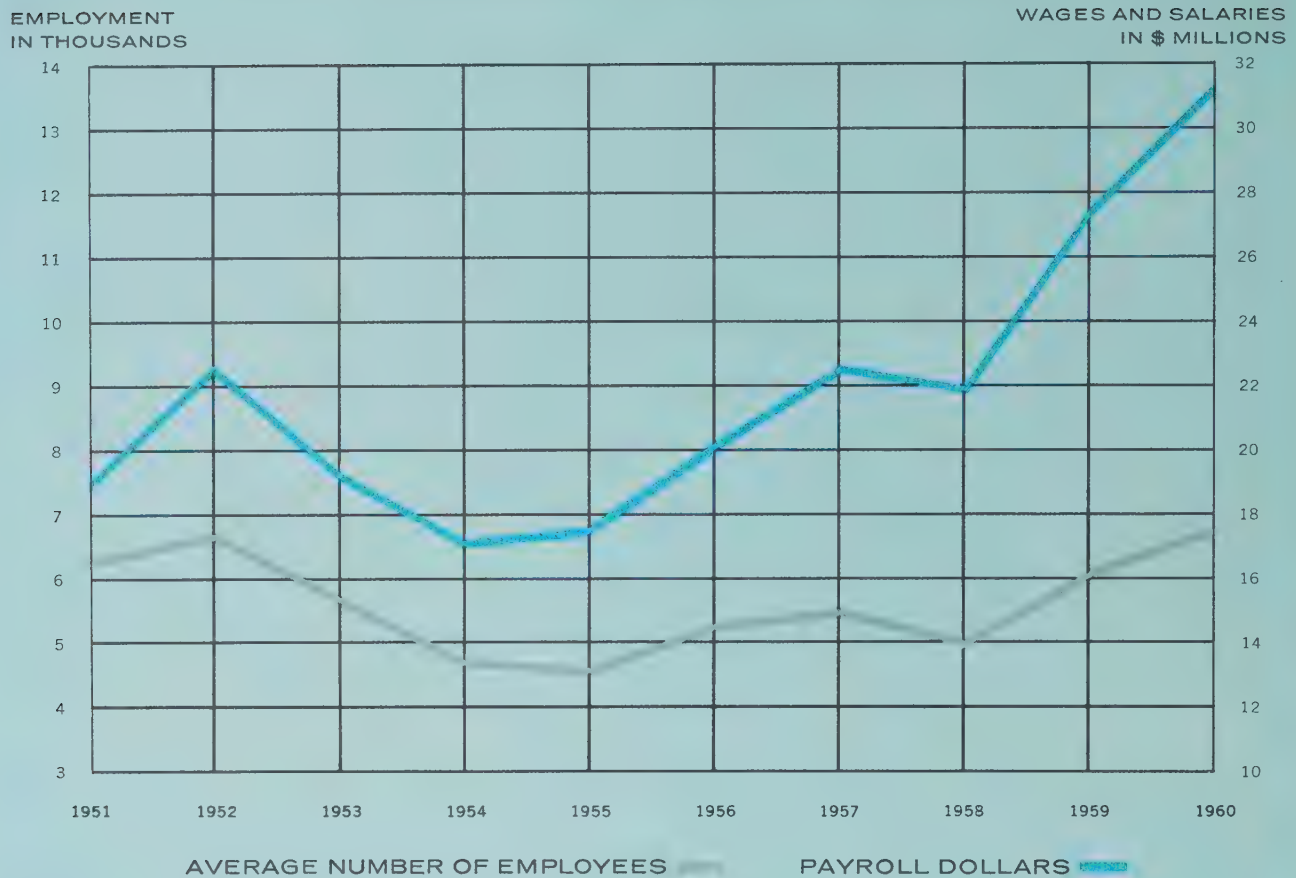
At our motor truck works in Chatham we are continuing our efforts to utilize Canadian sources of supply to the greatest extent feasible. Currently, new models with lower silhouettes, improved styling and many mechanical improvements are

being released in the one-half to one ton sizes, as well as a new Canadian designed compact version of the one-half ton pickup. A compact, economy-type multi-stop van has also been designed and released for production by our Canadian engineering organization.

As our product development work has increased in scope, engineering for Hamilton crawler tractors and for heavy-duty equipment has been separated and now operates as two independent units.

Over 200 employees are currently employed in the various product engineering departments with total engineering expense in 1960 in excess of \$1,700,000.

## EMPLOYMENT, WAGES AND SALARIES



### EMPLOYMENT

Average employment by the Company during 1960 was 6,840, compared with 6,104 in 1959, an increase of 12.1 per cent. Although employment was curtailed during the latter portion of the year, there was no complete shut down except for the normal vacation period.

Total compensation paid employees increased from \$27,190,000 in 1959 to \$31,399,000 in 1960.

### ORGANIZATION CHANGES

Since the publication of the 1959 annual report, Mr. Robert B. Bradley resigned as President and as a Director of International Harvester Company

of Canada, Limited to accept the position of Vice President of International Harvester Company where he is executive head of the Construction Equipment Division of that company with headquarters in Chicago, Illinois. We are greatly indebted to him for his leadership as President of the Company since 1954.

Effective July 1, 1960, Mr. Omer G. Voss, previously Managing Director of International Harvester Company of Great Britain, Limited, was elected President and a member of the Board of Directors of International Harvester Company of Canada, Limited.



International Construction Equipment and the distributors who sell and service it from coast to coast are playing an increasingly important part in the projects that are transforming Canada.

## OUTLOOK

Our Company has now completed the first three months of its 1961 fiscal year. Like many other businesses, we are feeling the effects of the downward trend of economic activity prevalent in both the United States and Canada.

It is our hope and expectation that the 1961 fiscal year will reverse the experience of 1960 and, while beginning on a rather low level, will show continuing improvement as the year goes along.

Factors affecting our farm equipment business are currently favourable and we expect an increase in farm equipment sales in 1961.

Upward pressures on costs, both as to labour and materials, continue to be felt, and corrective action with regard to selling prices is necessarily

limited by severe competition which exists in all our markets. We are making every effort to increase efficiency in all phases of our operations and improve profit margins despite these difficulties.

On behalf of the Board of Directors and the management of this Company, I want to express our thanks to the thousands of loyal Harvester people in Canada for their efforts in 1960 and for the continuance of those efforts in 1961.

*President*

February 27, 1961



This new Canadian built Rolls-Royce powered DC405 diesel unit is setting new standards of efficiency on the nation's highways. Through advanced product engineering and aggressive salesmanship, the Company is maintaining its leadership in the heavy-duty truck field.

**STATEMENT OF INCOME**

FOR THE YEARS ENDED OCTOBER 31, 1960 and 1959

	<u>1960</u>	<u>1959</u>
<b>NET SALES</b>		
To dealers and users in Canada.....	\$134,026,252	\$137,331,406
To International Harvester Company.....	21,313,177	11,643,378
To other affiliated companies and jobbers.....	993,558	465,519
Total.....	<u>\$156,332,987</u>	<u>\$149,440,303</u>
<b>DEDUCT</b>		
Cost of goods sold— <b>NOTE 1</b> .....	\$128,372,169	\$122,979,078
Selling and administrative expenses.....	15,753,942	15,393,854
Total.....	<u>\$144,126,111</u>	<u>\$138,372,932</u>
<b>INCOME FROM OPERATIONS.....</b>	<u>\$ 12,206,876</u>	<u>\$ 11,067,371</u>
<b>OTHER INCOME CREDITS AND CHARGES</b>		
Dividend received from subsidiary— <b>NOTE 2</b> .....	\$ 80,000	\$ 35,000
Interest earned.....	196,295	766,670
Interest paid.....	523,862	568,013
Charges for financing services on wholesale notes sold to subsidiary.....	2,581,340	2,058,167
Profit on sale of fixed assets (net).....	133,840	77,772
Miscellaneous (net).....	480,529	683,672
Total.....	<u>\$ 3,175,596</u>	<u>\$ 2,430,410</u>
<b>INCOME BEFORE PROVISION FOR FEDERAL AND PROVINCIAL INCOME TAXES.....</b>	<u>\$ 9,031,280</u>	<u>\$ 8,636,961</u>
<b>PROVISION FOR FEDERAL AND PROVINCIAL INCOME TAXES..</b>	<u>4,317,850</u>	<u>4,071,000</u>
<b>NET INCOME.....</b>	<u>\$ 4,713,430</u>	<u>\$ 4,565,961</u>

**SUMMARY OF RETAINED EARNINGS**

FOR THE YEARS ENDED OCTOBER 31, 1960 and 1959

	<u>1960</u>	<u>1959</u>
<b>BALANCE AT BEGINNING OF YEAR .....</b>	\$ 40,542,864	\$ 38,776,903
<b>NET INCOME FOR THE YEAR.....</b>	4,713,430	4,565,961
	<u>\$ 45,256,294</u>	<u>\$ 43,342,864</u>
<b>DEDUCT CASH DIVIDENDS .....</b>	3,500,000	2,800,000
<b>BALANCE AT END OF YEAR.....</b>	<u>\$ 41,756,294</u>	<u>\$ 40,542,864</u>

*The notes appearing on pages 12 and 13 are an integral part of the financial statements.*



## STATEMENT OF FINANCIAL CONDITION

## ASSETS

	1960	1959
<b>CURRENT ASSETS</b>		
Cash.....	\$ 82,363	\$ 80,440
Demand notes receivable from subsidiary company..	4,360,000	8,070,000
Receivables		
Trade accounts.....	\$ 6,015,095	\$ 8,182,281
Miscellaneous (including employees' accounts receivable 1960 — \$1,943; 1959 — \$4,188).....	379,069	567,306
	\$ 6,394,164	\$ 8,749,587
Less allowance for losses.....	270,188	463,835
	\$ 6,123,976	\$ 8,285,752
Due from affiliated companies.....	47,886	9,469
Inventories— <b>NOTE 1</b> .....	42,819,267	43,440,254
Total current assets.....	\$53,433,492	\$59,885,915
<b>INVESTMENT IN SUBSIDIARY COMPANY—AT COST —NOTE 2</b> .....	8,000,000	7,000,000
<b>OTHER ASSETS</b> .....	959,992	752,803
<b>PROPERTY</b>		
Buildings, machinery and equipment—at cost.....	\$48,633,944	\$44,957,133
Less accumulated depreciation.....	27,562,411	25,097,696
	\$21,071,533	\$19,859,437
Land—at cost.....	1,411,040	1,411,128
Net property.....	22,482,573	21,270,565
Approved on behalf of the Board:		
W. B. GAY, Director		
L. H. KAIN, Director		
<b>TOTAL ASSETS</b> .....	\$84,876,057	\$88,909,283

*Notes to Financial Statements October 31, 1960*

**NOTE 1. INVENTORIES AND COST OF GOODS SOLD.** Inventories are valued at the lower of cost or market, market having been considered generally as replacement values; such replacement values with respect to finished goods and work in process include overhead based on estimated normal operating conditions.

**NOTE 2. SUBSIDIARY COMPANY INVESTMENT AND EARNINGS.** It is the Company's practice to include each year in its statement of income the dividends received from its subsidiary. The Company's equity in the net assets of the subsidiary as shown by the audited financial statements was in excess of the Company's investment therein by \$715,651 at October 31, 1960, being the Company's share of undistributed earnings of the subsidiary since acquisition. These undistributed earnings have not been included in the financial statements.

**NOTE 3. RESTRICTED RETAINED EARNINGS.** Under the provisions of a loan agreement dated November 1, 1956 relating to \$5,000,000 5¼% notes payable, the Company agreed not to declare or pay any dividend (other than in common stock) on any of its common shares, or to expend any money in the acquisition or redemption of any shares of its capital stock, if immediately after such action, the aggregate of all such declarations, payments and expenditures subsequent to October 31, 1955 shall exceed an amount equal to its net income accrued subsequent to that date. Of the retained earnings at October 31, 1960 approximately \$32,787,000 is restricted under the foregoing provisions.

**NOTE 4. RETIREMENT PLANS.** The Company has a voluntary Contributory Annuity Plan and a Non-Contributory Pension Plan providing benefits for service subsequent to December 31,

# OCTOBER 31, 1960 and 1959

## LIABILITIES AND EQUITY CAPITAL

	<u>1960</u>	<u>1959</u>
<b>CURRENT LIABILITIES</b>		
Bank overdraft.....	\$ 515,440	\$ 911,335
Accounts payable and sundry accruals.....	7,074,059	10,527,298
Taxes payable other than income taxes.....	547,183	873,399
Accrued income taxes.....	2,059,520	2,360,817
Notes payable—4½%—instalments due in subsequent year.....	800,000	800,000
Due to affiliated companies.....	1,663,914	2,583,277
Due to subsidiary company.....	1,949,780	793,248
Total current liabilities.....	<u>\$14,609,896</u>	<u>\$18,849,374</u>
<b>NOTES PAYABLE</b>		
4½%—maturing March 1, 1967 (payable in equal semi-annual instalments less instalments payable prior to end of subsequent year included in current liabilities—\$800,000).....	\$ 4,400,000	\$ 5,200,000
5¼%—maturing November 1, 1973 (payable in equal semi-annual instalments commencing November 1, 1967)—NOTE 3.....	<u>5,000,000</u>	<u>5,000,000</u>
Total notes payable.....	9,400,000	10,200,000
<b>PROVISION FOR EMPLOYEES' RETIREMENT BENEFITS—NOTE 4.....</b>	4,109,867	4,317,045
<b>EQUITY CAPITAL</b>		
Capital stock		
Authorized, issued and fully paid— 150,000 shares of \$100 each.....	\$15,000,000	\$15,000,000
Retained earnings—NOTE 3.....	<u>41,756,294</u>	<u>40,542,864</u>
Total equity capital.....	56,756,294	55,542,864
<b>TOTAL LIABILITIES AND EQUITY CAPITAL..</b>	<u><u>\$84,876,057</u></u>	<u><u>\$88,909,283</u></u>

1953, both of which are fully funded through Company contributions to trustees. In addition the Company has a Non-Contributory Pension Plan, which has not been funded and which was originally established in 1908, providing benefits for service prior to January 1, 1954, and under which no further credits can be established. Based on an actuarial valuation at December 31, 1958 the estimated amount required to fund this latter plan at October 31, 1960 is \$15,313,852. In respect of this plan a provision for employees' retirement benefits as shown on the balance sheet of October 31, 1960 is \$4,109,867, which is \$11,203,985 less than the actuarially estimated liability.

The Company's total contributions for all retirement plans amounted to \$1,616,924 after a reduction of \$594,345 representing contributions withheld to absorb the surplus in the funded plans per the December 31, 1958 actuarial valuation. The total contributions of \$1,616,924 during the year ended October 31, 1960

were charged \$1,409,747 to income and \$207,177 to the provision for employees' retirement benefits.

**NOTE 5. CONVERSION OF FOREIGN EXCHANGE.** Current assets and liabilities of foreign origin have been converted generally at the exchange rates prevailing at the close of the Company's fiscal year. Plant and property acquired from sources outside Canada have been converted generally at rates of exchange prevailing at dates of acquisition.

**NOTE 6. DEPRECIATION.** Cost of sales and selling and administrative expenses include depreciation amounting to \$2,879,611 for the year ended October 31, 1960; 1959—\$3,257,023.

**NOTE 7. CAPITAL COMMITMENTS.** The Company had commitments for capital expenditure of approximately \$2,213,000 as at October 31, 1960.



## STATEMENT OF INCOME AND RETAINED EARNINGS

	1960	1959	1958
Net sales.....	\$156,332,987	\$149,440,303	\$119,141,084
Deduct:			
Cost of goods sold.....	\$128,372,169	\$122,979,078	\$ 98,188,578
Selling and administrative expenses.....	15,753,942	15,393,854	13,608,939
Total.....	\$144,126,111	\$138,372,932	\$111,797,517
Income from operations.....	\$ 12,206,876	\$ 11,067,371	\$ 7,343,567
Dividend from subsidiary company.....	80,000	35,000	—
Interest earned.....	196,295	766,670	666,026
Other credits and charges (net).....	3,451,891	3,232,080	1,489,203
Provision for federal and provincial income taxes.....	4,317,850	4,071,000	2,972,000
Reserve adjustments (net).....	—	—	—
Net income.....	\$ 4,713,430	\$ 4,565,961	\$ 3,548,390
Cash dividends.....	3,500,000	2,800,000	2,800,000
Net income for year retained.....	\$ 1,213,430	\$ 1,765,961	\$ 748,390

## STATEMENT OF FINANCIAL POSITION

## ASSETS

## Current assets

Cash.....	\$ 82,363	\$ 80,440	\$ 145,742
Marketable securities.....	—	—	—
Demand notes receivable from subsidiary company....	4,360,000	8,070,000	—
Receivables (net).....	6,171,862	8,295,221	32,459,432
Inventories.....	42,819,267	43,440,254	28,349,481
Total current assets.....	\$ 53,433,492	\$ 59,885,915	\$ 60,954,655
Investment in subsidiary company.....	8,000,000	7,000,000	—
Other assets.....	959,992	752,803	746,362
Property (net).....	22,482,573	21,270,565	21,014,872
Total assets.....	\$ 84,876,057	\$ 88,909,283	\$ 82,715,889

## LIABILITIES AND EQUITY CAPITAL

Current liabilities.....	\$ 14,609,896	\$ 18,849,374	\$ 13,423,129
Long-term notes payable.....	9,400,000	10,200,000	11,000,000
Provision for employees' retirement benefits.....	4,109,867	4,317,045	4,515,857
Capital stock.....	15,000,000	15,000,000	15,000,000
Retained earnings.....	41,756,294	40,542,864	38,776,903
Total liabilities and equity capital.....	\$ 84,876,057	\$ 88,909,283	\$ 82,715,889

# EARNINGS FOR YEARS ENDED OCTOBER 31

<u>1957</u>	<u>1956</u>	<u>1955</u>	<u>1954</u>	<u>1953</u>	<u>1952</u>	<u>1951</u>
136,069,345	\$153,838,002	\$108,718,877	\$ 92,036,768	\$135,318,850	\$140,363,657	\$129,605,074
112,904,422	\$127,980,040	\$ 90,519,225	\$ 79,860,539	\$116,553,613	\$116,596,459	\$108,855,064
13,152,853	11,886,632	10,545,321	9,974,164	10,266,232	8,822,786	7,002,474
126,057,275	\$139,866,672	\$101,064,546	\$ 89,834,703	\$126,819,845	\$125,419,245	\$115,857,538
10,012,070	\$ 13,971,330	\$ 7,654,331	\$ 2,202,065	\$ 8,499,005	\$ 14,944,412	\$ 13,747,536
—	—	—	—	—	—	—
504,058	360,898	328,430	103,367	37,583	24,576	24,970
1,702,272	798,417	364,360	557,790	658,291	323,093	242,203
4,241,000	6,245,000	3,457,000	930,500	3,897,500	7,402,000	7,283,322
—	—	—	—	—	—	2,000,000
4,572,856	\$ 7,288,811	\$ 4,161,401	\$ 817,142	\$ 3,980,797	\$ 7,243,895	\$ 4,246,981
3,000,000	3,000,000	2,000,000	2,000,000	3,000,000	2,000,000	2,000,000
1,572,856	\$ 4,288,811	\$ 2,161,401	\$ 1,182,858	\$ 980,797	\$ 5,243,895	\$ 2,246,981

# CONDITION AS OF OCTOBER 31

377,182	\$ 240,740	\$ 5,328,224	\$ 389,171	\$ 449,499	\$ 6,707,802	\$ 346,005
—	—	5,475,950	—	—	—	43,500
—	—	—	—	—	—	—
38,505,676	32,315,230	22,254,846	22,949,108	23,267,866	16,730,661	17,274,963
32,448,150	31,598,191	25,460,607	30,737,111	41,475,792	33,053,991	36,724,360
71,331,008	\$ 64,154,161	\$ 58,519,627	\$ 54,075,390	\$ 65,193,157	\$ 56,492,454	\$ 54,388,828
—	—	—	—	—	—	—
739,085	677,105	655,145	491,661	589,116	684,774	623,498
21,336,784	17,195,258	15,056,648	14,883,676	15,682,709	14,430,883	13,022,488
93,406,877	\$ 82,026,524	\$ 74,231,420	\$ 69,450,727	\$ 81,464,982	\$ 71,608,111	\$ 68,034,814
23,862,699	\$ 18,044,768	\$ 13,541,156	\$ 10,121,874	\$ 20,153,286	\$ 11,277,308	\$ 22,947,932
11,800,000	7,600,000	8,400,000	9,200,000	10,000,000	10,000,000	—
4,715,665	4,926,099	5,123,418	5,123,408	5,123,393	5,123,297	5,123,271
15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
38,028,513	36,455,657	32,166,846	30,005,445	31,188,303	30,207,506	24,963,611
93,406,877	\$ 82,026,524	\$ 74,231,420	\$ 69,450,727	\$ 81,464,982	\$ 71,608,111	\$ 68,034,814

## STATEMENT OF FINANCIAL CONDITION OCTOBER 31, 1960 and 1959

ASSETS		
CURRENT ASSETS		
	1960	1959
Cash.....	\$ 40,150	\$ 10,155
Notes receivable and repossessions— <b>NOTES 1 and 2</b>		
Notes receivable—Wholesale.....	\$22,848,426	\$27,413,672
Retail.....	4,348,626	6,249,776
	\$27,197,052	\$33,663,448
Repossessions.....	263,965	38,855
	\$27,461,017	\$33,702,303
Less—Deferred discounts on wholesale notes.....	\$ 524,882	\$ 796,258
Unearned interest on wholesale notes.....	28,055	28,940
Unearned finance charges on retail notes.....	459,974	721,782
Allowance for losses.....	400,693	158,453
	\$ 1,413,604	\$ 1,705,433
Notes receivable and repossessions (net).....	\$26,047,413	\$31,996,870
International Harvester Company of Canada, Limited (in transit items).....	\$ 1,949,780	\$ 793,248
Accounts receivable.....	—	106
Total current assets.....	\$28,037,343	\$32,800,379
Total Assets.....	\$28,037,343	\$32,800,379
LIABILITIES AND EQUITY CAPITAL		
CURRENT LIABILITIES		
Demand notes payable—bank.....	\$14,530,000	\$16,810,000
Demand notes payable—International Harvester Company of Canada, Limited.....	4,360,000	8,070,000
Accounts payable.....	15,412	13,420
Dealers' reserves.....	8,137	6,275
Accrued income taxes.....	394,024	543,800
Accrued interest on notes payable.....	14,119	13,916
Total current liabilities.....	\$19,321,692	\$25,457,411
EQUITY CAPITAL		
Capital stock		
Authorized—250,000 shares of \$100 each		
Issued and fully paid 1960—80,000 shares; 1959—70,000 shares— <b>NOTE 3</b>	\$ 8,000,000	\$ 7,000,000
Retained earnings.....	715,651	342,968
Total equity capital.....	\$ 8,715,651	\$ 7,342,968
Total Liabilities and Equity Capital.....	\$28,037,343	\$32,800,379

Signed on behalf of the Board: L. J. MURPHY, Director

W. B. GAY, Director

## Notes to Financial Statements October 31, 1960

**NOTE 1.** In accordance with the agreement between the Corporation and International Harvester Company of Canada, Limited relating to financing of notes receivable, the Corporation purchases wholesale notes of dealers and distributors from International Harvester Company of Canada, Limited at face value less 1% discount and less cash and prepayment discounts which dealers are expected to take in settlement of their notes. The 1% discount is taken into income upon settlement of the notes and the cash and prepayment discounts are taken into income when such discounts are no longer available to dealers.

In instances where the terms of wholesale notes purchased do not provide the Corporation with interest income at rates agreed upon between International Harvester Company of Canada, Limited and the Corporation, International Harvester Company of Canada, Limited pays the Corporation amounts equal to differences between interest computed at agreed upon

rates and interest received from dealers.

Finance charges included in the face amounts of retail contracts are taken into income over the life of the contracts. Where such finance charges are less than the Corporation's finance charges, the related contracts are acquired by the Corporation at discount rates which enable it to earn its regular finance charges; these discounts are also taken into income over the life of the contracts.

**NOTE 2.** At October 31, 1960, retail notes receivable include \$1,823,458 maturing after October 31, 1961, of which \$633,185 will mature after October 31, 1962, and wholesale notes included \$558,313 which will mature after October 31, 1961, of which none will mature after October 31, 1962.

**NOTE 3.** During the year ended October 31, 1960, 10,000 shares of capital stock were issued at par and paid for in cash.

DELOITTE, PLENDER, HASKINS & SELLS  
CHARTERED ACCOUNTANTS

MONTREAL	TORONTO	HAMILTON	CHATHAM
WINDSOR	WINNIPEG	REGINA	CALGARY
EDMONTON	PRINCE GEORGE	QUESNEL	VANCOUVER

66 KING STREET EAST  
HAMILTON, CANADA

To the Shareholders of  
International Harvester Company of Canada, Limited:

We have examined the Statement of Financial Condition of International Harvester Company of Canada, Limited as at October 31, 1960 and the Statement of Income and Summary of Retained Earnings for the year then ended, appearing on pages 11 to 13. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have made a similar examination of the Statement of Financial Condition of the wholly owned subsidiary, International Harvester Credit Corporation of Canada Limited, which appears on page 16.

In our opinion the accompanying Statements of Financial Condition together with the notes thereto present fairly the financial positions of the Companies as at October 31, 1960 and the accompanying Statement of Income and Summary of Retained Earnings present fairly the results of the operations of International Harvester Company of Canada, Limited for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Deloitte, Plender, Haskins & Sells*

December 21, 1960.

Auditors.

